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DATASHARE INTERNATIONAL Ltd.

631 - EIGHTH AVENUE SOUTH WEST

CALGARY 2, ALBERTA

INTERIM REPORT
FOR
SIX MONTHS ENDING
NOVEMBER 1970

TO THE SHAREHOLDERS:

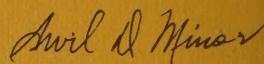
Our predicted favorable trend is continuing. We are pleased to report a profit for the second quarter of our fiscal year ending May 31, 1971. This is our first quarterly profit since February 1969. Net earnings for the second quarter were \$18,900.

Sales for the six months period were \$1,801,400, a small increase over sales of \$1,724,200 for the same period a year ago. Net earnings for the six months period were a loss of \$42,400 compared with a loss of \$369,600 for the same period a year ago for a comparative improvement of \$327,200 for the six months.

In December 1970 we received \$96,000 from the Federal Government as a refund of a portion of research expenditures made during the period June 1, 1968 to May 31, 1969. This amount will be reflected as an extraordinary income item in our next quarterly report.

The Digital Division continues development of a positive trend. Sales of customized digitized well logs continue to grow and the expertise we have developed in hardware, software and personnel is creating new business in other areas as well.

Management now feels that they are obtaining control of those divisions that have been causing the losses. As a result we anticipate the profit picture will continue to improve in the future.



Arvil D. Minor
President

January 26, 1971

RILEY'S DATASHARE INTERNATIONAL LTD.

CONSOLIDATED STATEMENT OF EARNINGS

(Subject to audit and year-end adjustments)

Six Months to November 30

	<u>1970</u>	<u>1969</u>
		(Note 1)
Sales	\$ 1,801,400	1,724,200
Interest and other revenue	22,900	8,000
	<u>1,824,300</u>	<u>1,732,200</u>
Cost of goods sold and operating expenses	1,772,800	1,977,400
Depreciation and amortization	62,400	62,100
Amortization of research and development expenses	—	69,200
Interest on long-term debt	27,500	4,300
Other interest	13,900	19,800
	<u>1,876,600</u>	<u>2,132,800</u>
Net earnings (loss) before following	(52,300)	(400,600)
Gain on sale of investment	9,900	—
	<u>(42,400)</u>	<u>(400,600)</u>
Deferred income taxes recovered	—	31,000
	<u>\$ (42,400)</u>	<u>(369,600)</u>

NOTE 1. — Amounts have been restated to show other interest separately, and cost of goods sold and operating expenses reduced accordingly.

RILEY'S DATASHARE INTERNATIONAL LTD.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Subject to audit and year-end adjustments)

Six Months to November 30

	<u>1970</u>	<u>1969</u>
Source of funds:		
Net earnings (loss)	\$ (42,400)	(369,600)
Add (deduct) items not requiring cash outlay:		
Depreciation and amortization	62,400	131,300
Deferred income taxes	—	(31,000)
Gain on sale of investment	(9,900)	—
Other	—	3,300
Funds provided from (applied to) operations	10,100	(266,000)
Long-term debt	23,000	261,700
Proceeds on sale of fixed assets	—	643,600
Proceeds on sale of investment	9,900	—
 Total funds available	 43,000	 639,300
 Application of funds:		
Purchase of fixed assets	14,900	286,200
Research and development expenses	—	128,500
Reduction of long-term debt	54,800	57,800
Purchase of a business excluding working capital acquired	—	27,000
Other assets	4,400	18,800
 Increase (decrease) in working capital	 74,100	 518,300
 Increase (decrease) in working capital	 \$ (31,100)	 121,000